ONE HUNDRED SEVENTEENTH CONGRESS

Congress of the United States

House of Representatives COMMITTEE ON ENERGY AND COMMERCE

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January 19, 2022

The Honorable Jennifer M. Granholm Secretary U.S. Department of Energy 1000 Independence Ave. SW Washington, DC 20585

Dear Secretary Granholm:

I write with serious concerns about America's reliance on China for necessary materials, especially critical minerals, for the production, supply, and delivery of energy. I am also deeply concerned that the Department of Energy (DOE) is not fulfilling its statutory obligations to formulate a coordinated national energy policy that reduces American's dependence on foreign minerals and strengthens our domestic supply chains.

Under the prior administration, the U.S. became a net energy exporter for the first time since 1952. Since President Biden took office, however, the prices of crude oil and many energy commodities have risen to seven-year highs as America's reliance on foreign oil has grown. At the same time, the Biden administration appears to be doubling down on an anti-American energy production agenda that punishes U.S. fossil fuels and mining jobs, to the benefit of Chinese-controlled minerals and materials imported for electric vehicles, batteries, solar panels, and wind turbines.

Sadly, this administration's record is clear. On his first day in office, President Biden revoked the permit for the Keystone XL pipeline and issued a moratorium on energy development on Federal lands and waters. Soon after, the administration withdrew approval for a proposed copper mine in Arizona, which would have been one of the most valuable mining projects in the country. These actions have had a chilling effect on U.S. infrastructure projects and new investment decisions.

Rather than support American workers and help to reduce energy bills for consumers, the Biden administration appears intent on making the United States subservient to foreign countries for the critical minerals needed to build electric vehicles and batteries. The administration's actions and statements, combined with its stated goals to impose even more Federal regulations and mandate economy-wide net zero greenhouse gas emissions, are directly contributing to surging energy prices and America's growing dependence on unpredictable Chinese supply chains.

As you know, the U.S. is a net importer of more than 30 critical mineral commodities and 100 percent import dependent for more than a dozen commodities, including rare earth minerals.¹ China overwhelmingly dominates the global critical minerals supply chain, including 90 percent of silicon wafers used in solar panels and 80 percent of the rare earth minerals that go into wind turbines and electric vehicle motors.²

China is now reportedly planning to consolidate all rare earth miners and processors in the country to further strengthen its dominance of global critical mineral supply chains.³ According to the *Wall Street Journal*, the China Rare Earth Group will be "created by merging rare-earth assets from some state firms" and will be based in the Jiangxi province in southern China.

The Biden administration's embrace of Chinese minerals and Chinese-controlled supply chains is a direct threat to America's energy, economic, and national security. As demonstrated throughout the COVID-19 pandemic, China is not a trusted trading partner or ally. China's supply chains are not transparent, and goods and materials produced in China are manufactured with insufficient environmental and labor protections. Additionally, a significant amount of China's solar and battery manufacturing occurs in Xinjiang, a region where the People's Republic of China (PRC) has carried out mass detentions and forced labor of Uyghurs and other ethnic and religious minority groups.

In December, Congress enacted into law the Uyghur Forced Labor Prevention Act to combat forced labor and genocide carried out in China.⁴ This new law gives the U.S. government tools to prevent goods and materials made with forced labor from entering U.S. supply chains. Under the law, DOE must participate in a whole of government effort to examine U.S. supply chains and strengthen the prohibition against the importation of critical minerals and manufactured products such as solar panels and batteries made with forced labor.

As Secretary of Energy, you are responsible to ensure DOE is performing its statutory responsibilities to secure reliable and affordable energy for American consumers. Foremost, DOE must lead a coordinated effort to strengthen America's critical mineral supply chains and reduce our reliance on Chinese minerals to restore our energy independence. The prior administration's efforts to address supply chain challenges, such as the establishment of the

¹ U.S. Department of Energy. (October 2021). Multi-Year Program Plan for Division of Minerals and Sustainability.

² Center for Strategic and International Studies. (February 2021). <u>Industrial Policy, Trade, and Clean Energy Supply</u>

³ The Wall Street Journal. (December 3, 2021). China Set to Create New State-Owned Rare-Earths Giant.

⁴ P.L. 117-78

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Office of Fossil Energy Minerals Sustainability Division, should continue without political interference.

Given the growing importance of critical minerals to America's energy and national security, DOE is failing to provide adequate information to the public regarding the price, supply, and availability of critical mineral commodities. It is also unclear whether DOE is furnishing necessary, objective information or analysis to other Federal agencies, including political appointees within the Biden administration, on the risks of America's growing dependence on Chinese minerals.

The disconnected policy choices make it appear that the Biden administration's climate goals were developed without any analysis or consultation with DOE. As part of re-entering the Paris Agreement, President Biden announced a sweeping, whole-of-government process to establish a new 2030 greenhouse gas emissions target and a goal for the U.S. to produce net-zero greenhouse gas emissions economy wide by 2050. Ironically, the Biden administration's climate goals could drive a net-increase in global emissions and worse environmental outcomes in the way it stimulates demand for Chinese minerals. Even more troubling, the Biden administration's moral argument for American sacrifices to address climate are undercut by relying on China to continue polluting and using forced labor to manufacture solar panels, batteries, and other so-called clean energy technologies to supply the U.S. market.

I urge you to be honest and transparent regarding the administration's policies, especially the energy security risks of American's dependence on Chinese minerals. To that end, I request that you provide me by January 31, 2022, with DOE's plan to reduce America's dependence upon Chinese minerals and develop a domestic supply chain for those minerals.

As a Member of the Energy and Commerce Committee, I look forward to working with you to strengthen America's energy supply chain.

Sincerely,

Cathy McMorris Rodgers

Republican Leader

House Energy and Commerce Committee